

# Monthly Market Report

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Despite wood volumes ramping up significantly throughout Canterbury, prices have been holding in both export and domestic segments. Demand domestically has been strong with sawmills often complaining they cannot get enough log.

Most sawmills are reporting strong sales but prices for lumber holding stubbornly constrained as upper South Island and Central North Island mills pump the volumes in to the region without any regard to matching supply with demand. The stronger sales profile we are seeing likely therefore relates as much to loyalty as to anything else. Loyalty that is to the local mills by local builders who understand the need to ensure there is an ongoing supply capability.

The local mills are reporting continuing strong demand in the outdoor segment, for example, fencing materials. It is great to see wooden fences clearly remaining the order of the day along busy road margins with many examples showing up in Sub divisions especially.

This once again emphasises the use of wood as a sound deadening medium together with the fact it just looks good. The down side is this segment produces pretty poor margins with mills using the fence rail/paling/slat market as a lower fall down grade.

Meanwhile in the land of the multi story apartment blocks, China demand has remained well ahead of expectation and Russia has continued to ease back on the supply front. Prices settlements for late November and December have firmed a further US\$1 – 2 per JAS cubic metre as buyers seek to ensure supply.

Shipping has been a very hard one to pick over the last month with some huge variability in rates as shipping companies scramble for best returns. We have seen as much as US\$5 per cubic metre variations in sea freight rates and shipping companies seemingly more prepared to lock in to multiple sails at fixed rates. Perhaps

this suggests they are already planning for the inevitable freight oversupply situation as we head toward Chinese New Year. The impact of China taking a 2 week holiday late January/early February certainly plays out internationally

The 2 Canterbury Ports are struggling to cope with a massive influx in volume as might be expected. However all credit to those involved. New staff are being recruited and equipment purchased. As reported last month, daily volumes are rapidly heading consistently over 3,000 cubic metres per day at Lyttelton and Timaru, more than double previous deliveries.

Everyone is pitching in to try and make it happen. Even those who have been used to being competitors are getting in the same room and working through the issues to ensure everyone gets a fair bite of the sav.

The tragic death of Bill Frost at Lyttelton Port after being hit by a log truck has send shock waves around the region. Bill worked for many years at the Port and therefore crossed the paths of many people. He managed the trucking fleet taking Logs from Yards to Ships side as well as organised the water carts to keep the dust down. We must now focus on learning from what happened and ensuring there can be no repeat of this type of accident again. All hail to Bill, he was a great guy always obliging and keen to make things happen.

For early 2014 we do not see great change ahead with the market planets basically in alignment and no major supply/demand imbalance storms on the horizon. Despite there being a dramatic lift in Canterbury log volumes being produced, the percentage compared to total NZ output continues to be relatively small. Thus, it has never been more timely, to remember the only way forward for climate, country and the planet is to get out there and plant more trees .....

To my faithful readers many thanks for your continuing support. Judging by some great feedback I get, I am delighted people do read this stuff and it is therefore a pleasure to keep the information flow going. I extend to you all a very merry Christmas and best wishes that you enjoy a safe holiday period and a prosperous new year.

Laurie Forestry Ltd – Offering ongoing, sensible and achievable solutions for Forest Growers

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